



百利保控股有限公司

Paliburg
Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 617)



2026

INTERIM REPORT

CONTENTS

2	Corporate Information
3	Directors' Profile
7	Chairman's Statement
14	Management Discussion and Analysis
24	Condensed Consolidated Financial Statements
24	Condensed Consolidated Statement of Profit or Loss
25	Condensed Consolidated Statement of Comprehensive Income
26	Condensed Consolidated Statement of Financial Position
28	Condensed Consolidated Statement of Changes in Equity
30	Condensed Consolidated Statement of Cash Flows
32	Notes to Condensed Consolidated Financial Statements
57	Other Information
64	Report on Review of Interim Financial Information

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lo Yuk Sui

(Chairman and Chief Executive Officer)

Jimmy Lo Chun To

(Vice Chairman and Managing Director)

Kelvin Leung So Po

Lo Po Man

Kenneth Ng Kwai Kai

Kenneth Wong Po Man

Independent Non-Executive Directors

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

Wong Chi Keung

AUDIT COMMITTEE

Wong Chi Keung (Chairman)

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

REMUNERATION COMMITTEE

Wong Chi Keung (Chairman)

Lo Yuk Sui

Winnie Ng, JP

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)

Bowen Joseph Leung Po Wing, GBS, JP

Winnie Ng, JP

Abraham Shek Lai Him, GBS, JP

Wong Chi Keung

SECRETARY

Eliza Lam Sau Fun

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor under
the Accounting and Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited

The Bank of East Asia, Limited

China CITIC Bank International Limited

China Everbright Bank Co., Ltd., Hong Kong Branch

Chong Hing Bank Limited

Hang Seng Bank Limited

Hua Xia Bank Co., Limited, Hong Kong Branch

Industrial and Commercial Bank of China (Asia) Limited

Nanyang Commercial Bank, Limited

United Overseas Bank Limited, Hong Kong Branch

PRINCIPAL REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Richmond House, 12 Par-la-Ville Road

Hamilton HM 08, Bermuda

BRANCH REGISTRAR IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

Richmond House, 12 Par-la-Ville Road

Hamilton HM 08, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

20th Floor, 68 Yee Wo Street

Causeway Bay, Hong Kong

Tel: 2894 7888

Fax: 2890 1697

Website: www.paliburg.com.hk

Mr. Lo Yuk Sui, aged 81; *Chairman and Chief Executive Officer* — Chairman and Managing Director since 1993 and designated as the Chief Executive Officer in 2007. Mr. Lo has been the managing director and the chairman of the predecessor listed companies of the Group since 1984 and 1986, respectively. He is also an executive director, the chairman and the chief executive officer of Century City International Holdings Limited ("CCIHL"), the ultimate listed holding company of the Company, Regal Hotels International Holdings Limited ("RHIHL") and Cosmopolitan International Holdings Limited ("Cosmopolitan"), both listed subsidiaries of the Company, and a non-executive director and the chairman of Regal Portfolio Management Limited ("RPML"), the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Ms. Lo Po Man.

Mr. Lo Chun To (Alias: Jimmy), aged 52; *Vice Chairman and Managing Director* — Appointed to the Board in 1999. Mr. Jimmy Lo has been a Vice Chairman and Managing Director of the Company since 2013. He is also an executive director and a vice chairman of CCIHL, an executive director of RHIHL, an executive director, a vice chairman and the managing director of Cosmopolitan, and a non-executive director of RPML. Mr. Lo graduated from Cornell University, New York, the United States, with a Degree in Architecture. Mr. Lo joined the Century City Group in 1998. He is primarily involved in overseeing the property projects of the Group and, in addition, undertakes responsibilities in the business development of the Century City Group. Mr. Lo is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

Mr. Leung Po Wing, Bowen Joseph, GBS, JP, aged 76; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 2008. Mr. Leung is also an independent non-executive director of RPML. Mr. Leung previously served the Hong Kong Government for over 32 years until his retirement as the Director of the Office of the Government of the Hong Kong Special Administrative Region in Beijing ("Beijing Office") in November 2005. He joined the Administrative Service in June 1973 and rose to the rank of Administrative Officer Staff Grade A1 in June 1996. During his service in the Administrative Service, Mr. Leung had served in various policy bureaux and departments. Senior positions held by Mr. Leung included: Deputy Secretary for District Administration (later retitled as Deputy Secretary for Home Affairs); Deputy Secretary for Planning, Environment and Lands; Private Secretary, Government House, Secretary for Planning, Environment and Lands and Director of the Beijing Office. Mr. Leung has extensive experience in corporate leadership and public administration. During his tenure as the Director of the Beijing Office, he had made commendable efforts in promoting Hong Kong in the Mainland, as well as fostering closer links and co-operation between Hong Kong and the Mainland.

Mr. Leung So Po (Alias: Kelvin), aged 54; *Executive Director* — Appointed to the Board in 2023. Mr. Kelvin Leung is also an executive director of CCIHL and RHIHL, and an executive director and the chief financial officer of Cosmopolitan. Mr. Leung has been with the Century City Group since 1997, and he is involved in the corporate finance function as well as in the China business division of the Century City Group. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. Mr. Leung has over 30 years of experience in accounting and corporate finance field.

DIRECTORS' PROFILE (Cont'd)

Ms. Lo Po Man, aged 46; *Executive Director* — Appointed to the Board in 2007. Ms. Lo is also an executive director and a vice chairman of CCIHL, an executive director, a vice chairman and the managing director of RHIHL, an executive director and a vice chairman of Cosmopolitan, and a non-executive director and the vice chairman of RPML. She joined the RHIHL Group in 2000. In her executive capacity, she primarily oversees the operation of the Group's hotel business while also managing corporate investments and business development of the Century City Group.

Ms. Lo graduated from Duke University with a Bachelor's Degree in Psychology and from The University of Hong Kong with a Master's Degree in Buddhist Studies. Ms. Lo serves as an Adjunct Professor teaching sustainable business management and impact investing at both The Hong Kong University of Science and Technology and The University of Hong Kong. She also serves as a Professional Fellow at the Honours Academy of The Hang Seng University of Hong Kong.

She has been officially appointed as a Member of the HKSAR Chief Executive's Policy Unit Expert Group, a Member of the Green Technology and Finance Development Committee, and a Council Member of The Hong Kong University of Science and Technology. She also serves on the Advisory Committee on Mental Health, and the Advisory Committee at the School of Chinese Medicine at The University of Hong Kong. Her additional appointments include the Standing Committee on Values Education, the Hong Kong Academy for Wealth Legacy, and the position of Honorary President of the Hong Kong Federation of Women. She is appointed as Chair of the UNESCAP ESNB Finance Task Force and a member of the Executive Committee of ESNB, and serves as Chair of the Asia Pacific Green Deal for Business Committee. She has also been appointed as a Trustee of the World Sustainable Hospitality Alliance.

She also established the non-profit Institute of Sustainability & Technology (IST) to nurture the next generation of sustainability leaders. She also founded the One Earth Summit, One Earth NextGen Programs, One Earth Alliance and One Earth Institute to advance systemic innovation for collective flourishing.

Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Mr. Ng Kwai Kai (Alias: Kenneth), aged 72; *Executive Director* — Appointed to the Board in 1995. Mr. Kenneth Ng is also an executive director and the chief operating officer of CCIHL, an executive director of RHIHL and Cosmopolitan, and a non-executive director of RPML. Mr. Ng has been with the Group since 1985 and is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is a Chartered Secretary.

Ms. Winnie Ng, JP, aged 62; Independent Non-Executive Director — Invited to the Board as Independent Non-Executive Director in 2018. Ms. Ng is also an independent non-executive director of CCIHL and RHIHL. Ms. Ng holds an MBA (Master of Business Administration) from University of Chicago and an MPA (Master of Public Administration) from Harvard University. Ms. Ng has received numerous awards and recognition. In 2019, she received the Outstanding Businesswomen Award and in 2017, she was appointed a Justice of the Peace. In 2016, she won Nobel Laureate Series: Asian Chinese Leadership Award and China Top Ten Outstanding Women Entrepreneurs. In previous years, she received recognitions as a Woman of Excellence in Hong Kong, one of 60 Meritorious Chinese Entrepreneurs with Achievement and National Contribution, Yazhou Zhoukan Young Chinese Entrepreneur Award and was Mason Fellow of Harvard University. Active in public service, Ms. Ng is Director of Po Leung Kuk, Director of CUHK Medical Centre, Director of HKBU Chinese Medicine Hospital, Council Member of The Education University of Hong Kong, Supervisor of The Hong Kong Eng Clansman Association Wu Si Chong Memorial School, Honorary Chairs of Board of Governors of Yee Hong Community Wellness Foundation, Advisor of Our Hong Kong Foundation, and Council Member of The Better Hong Kong Foundation. She was Member of Women's Commission and Co-Convenor of Women Empowerment Fund from 2020 to 2026, Chairman of Hospital Governing Committee of Prince of Wales Hospital from 2014 to 2020, Member of Hong Kong Tourism Board and its Marketing & Business Development Committee Chairman, Member of Hospital Authority and its Supporting Services Development Committee Chairman from 2010 to 2016, Member of Employees Retraining Board and its Course Vetting Committee Convenor, and Member of Vocational Training Council from 2011 to 2017. Ms. Ng is also a non-executive director of Transport International Holdings Limited, and she was the founder, deputy chairman and a non-executive director of RoadShow Holdings Limited (now known as BlockFin Holdings Limited). Both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Shek Lai Him, Abraham (Alias: Abraham Razack), GBS, JP, aged 81; Independent Non-Executive Director — Invited to the Board as Independent Non-Executive Director in 2002. Mr. Abraham Shek is also an independent non-executive director of Cosmopolitan. Mr. Shek holds a Bachelor's Degree of Arts and a Juris Doctor Degree. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, a member of the Court of City University of Hong Kong and a member of the Court of Hong Kong Metropolitan University. Mr. Shek was a member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Shek is the honorary chairman, an independent non-executive director and the chairman of the audit committee of Chuang's China Investments Limited, an independent non-executive director and the chairman of the audit committee of Chuang's Consortium International Limited, an independent non-executive director and a member of the audit committee of CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Shin Hwa World Limited and CTF Services Limited, an independent non-executive director of Lai Fung Holdings Limited, and the chairman and a non-executive director of JY Grandmark Holdings Limited, all of which companies are listed on the Stock Exchange. He is also an independent non-executive director and a member of the audit committee of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (which is listed on the Stock Exchange).

DIRECTORS' PROFILE (Cont'd)

Mr. Wong Chi Keung, aged 71; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 2004. Mr. Wong is also an independent non-executive director of CCIHL and RHIHL. Mr. Wong holds a Master's Degree in Business Administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia and an associate member of The Chartered Governance Institute and The Chartered Institute of Management Accountants. Mr. Wong is a responsible officer for asset management and advising on securities under the Securities and Futures Ordinance of Hong Kong. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, Changyou International Group Limited, China Ting Group Holdings Limited and Zhuguang Holdings Group Company Limited, all of which are companies listed on the Stock Exchange. Mr. Wong has over 43 years of experience in finance, accounting and management.

Mr. Wong Po Man (Alias: Kenneth), aged 60; *Executive Director* — Appointed to the Board in 2007. Mr. Kenneth Wong is also an executive director and the chief operating officer of Cosmopolitan. Mr. Wong graduated from The University of Hong Kong with a Bachelor of Arts Degree in Architectural Studies and a Bachelor's Degree of Architecture. He also holds a Master of Science Degree in Real Estates from The University of Hong Kong. Mr. Wong is a qualified architect and has been with the Group for over 34 years. He has been involved in architectural design and project management in respect of various property development projects of the Group and is also the Technical Director of Chatwin Engineering Limited, the construction arm of the Group, registered under the Buildings Ordinance.

Dear shareholders,

I am presenting herewith the Interim Report of the Company for the six months ended 30th June, 2026.

FINANCIAL RESULTS

For the six months ended 30th June, 2026, the Group recorded a consolidated loss attributable to shareholders of HK\$209.8 million, while for the corresponding period in 2025, a loss of HK\$613.4 million was incurred.

As explained in the Update on Financial Information published by the Company on 20th August, 2026, during the period under review, revenue from the Group's property business as well as those from hotel operations undertaken through Regal Hotels International Holdings Limited, the principal listed subsidiary of the Company, have both increased, while the finance costs incurred have decreased due to the lowered level of interest rates. In addition, the Group has realised during the period a gain of HK\$610.1 million from the effective sale of the Regal Oriental Hotel previously owned by Regal Real Estate Investment Trust, a listed subsidiary held through Regal, which transaction was completed in April 2026.

However, depreciation charges on the Group's hotel properties in Hong Kong, which are all owned and operated within the Group, for this interim period amounted to HK\$288.8 million (2025 - HK\$335.4 million) which, though having no direct impact on the Group's cash flow, have nevertheless adversely affected the Group's financial results.

Moreover, there was an impairment loss incurred on the reforestation and land grant project in Xinjiang in Chinese Mainland undertaken by Cosmopolitan International Holdings Limited, another listed subsidiary of the Company, due to recent changes in circumstances affecting the project, as well as some fair value losses on the Group's investment properties.

Consequently, after further accounting for the finance costs incurred, the Group recorded a consolidated loss attributable to shareholders of HK\$209.8 million, but substantially reduced from the loss of HK\$613.4 million in the corresponding period in 2025.

For the interim period in 2026, gross profit of the Group amounted to HK\$528.1 million (2025 - HK\$403.8 million). Operating profit before depreciation, finance costs and tax for this same period amounted to HK\$613.1 million (2025 - loss of HK\$24.7 million).

Based on their independent professional market valuations as at 30th June, 2026, the aggregate market value of the Group's hotel properties in Hong Kong was well above their total carrying value, as they were subject to accumulated depreciation charges. For the purpose of reference, an Adjusted Net Assets Statement is presented in the section headed "Management Discussion and Analysis" in this Interim Report, which illustrated that, if all such hotel properties were to be stated in the Group's financial statements at their market valuations as at 30th June, 2026, the underlying adjusted net asset value of the Company would amount to HK\$11.65 per share on the basis therein stated.

CHAIRMAN'S STATEMENT (Cont'd)

BUSINESS OVERVIEW

The Group comprises a total of four listed entities, with diversified business interests in properties, hotels, financial assets and other investments.

As at 30th June, 2026, the Group directly held, through its wholly owned subsidiaries, a controlling shareholding interest of approximately 69.3% in Regal. Regal, in turn, held approximately 74.9% of the outstanding units of Regal REIT that presently owns four Regal Hotels and four iclub Hotels in Hong Kong. Regal Portfolio Management Limited, a wholly owned subsidiary of Regal, acts as the REIT Manager of Regal REIT.

The Group's property development and investment businesses in Hong Kong are principally conducted through P&R Holdings Limited, a joint venture 50/50 held by each of Regal and the Company and, effectively, a subsidiary of the Group. Regal also undertakes on its own property business in Hong Kong and overseas.

Apart from its property business, P&R also holds an effective controlling shareholding interest in Cosmopolitan, which is primarily engaged in property development business in Chinese Mainland and other investments. As at 30th June, 2026, P&R held 61.4% of the issued ordinary share capital of Cosmopolitan and, in addition, convertible preference shares as well as convertible notes of Cosmopolitan which are convertible into new ordinary shares of Cosmopolitan. Moreover, the Company and Regal also hold, through their respective wholly owned subsidiaries, ordinary shares and convertible notes of Cosmopolitan.

Further information on the latest progress of the Group's property business as well as the financial results and operational reviews of Regal (including Regal REIT) and Cosmopolitan are presented below.

PROPERTIES

The Hong Kong property market continued to recover steadily in 2026. Supported by the improved market sentiment, the prices and volumes of property sales in the primary as well as in the secondary residential markets have both risen, which is indicative of a sustaining recovery. The demand for properties in the luxury residential segment remains resilient, due mainly to the scarcity of supply.

The Mount Regalia in Kau To, Sha Tin is a major luxury residential development undertaken by P&R. The development has a total of 24 garden houses and 136 apartment units, together with car parks and club house facilities. Since the beginning of this year, P&R has concluded contracts for the sale of 17 property units in Mount Regalia (including 1 house and 2 apartment units under resale). As of this date, P&R still retains 3 houses and 39 apartment units in Mount Regalia. Beside one house that will be retained, these remaining property units will continue to be disposed of.

Apart from Mount Regalia, P&R also owns a mixed portfolio of completed properties and hotels as well as properties held for development in Hong Kong.

Properties being held by P&R for recurring and operating income include the We Go MALL in Ma On Shan, Sha Tin, the iclub Mong Kok Hotel and the iclub AMTD Sheung Wan Hotel that is held by a 50%-owned joint venture of P&R.

On the property development front, P&R is undertaking two commercial/residential projects at Kam Wa Street in Shau Kei Wan and at Castle Peak Road, the development works for which are progressing. In addition, P&R also owns 5 retained houses in Casa Regalia in Yuen Long and some remaining shop units and carparks in the Ascent in Sham Shui Po, both of which are property developments completed by P&R in earlier years, which will continue to be disposed of.

Additional information on the Group's property development projects and properties, including those undertaken by P&R and Regal as well as the projects in Chinese Mainland that are undertaken through Cosmopolitan, are contained in the section headed "Management Discussion and Analysis" in this Interim Report.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2026, Regal attained a consolidated profit attributable to shareholders of HK\$158.0 million, while for the corresponding period in 2025, a loss of HK\$677.6 million was incurred.

Apart from the improved performance achieved in its hotel business operations and the reduction in finance costs due to the lowered level of interest rates, the profit attained by Regal during the period was mainly attributable to the gain realised on the disposal by Regal REIT in April 2026 of the subsidiaries that owned the Regal Oriental Hotel in Hong Kong.

During the interim period, Regal group's gross profit from business operations amounted to HK\$373.1 million, an increase of 19.6% over the comparative amount of HK\$311.9 million in 2025. Having accounted for the gain of HK\$849.9 million realised from the effective disposal of the Regal Oriental Hotel, Regal group's operating profit before depreciation, finance costs and tax amounted to HK\$1,069.0 million, as compared to HK\$85.4 million in the corresponding period last year.

Total depreciation charges provided by the Regal group on its hotel portfolio in Hong Kong amounted to HK\$245.8 million (2025 - HK\$290.2 million). Although these depreciation charges have no immediate impact on its cash flow, they have nevertheless adversely affected its financial results.

BUSINESS OVERVIEW

HOTELS

MARKET OVERVIEW

According to a recent report released by the World Bank Group, global growth is facing another major shock. The conflict in the Middle East has triggered sharp increases in energy prices, renewed inflationary pressures and fuelled expectations of tighter monetary policy. Global growth is projected to slow down from 2.9% in 2025 to 2.5% in 2026, the lowest rate since the COVID-19 pandemic, amid weaker prospects for economies dependent on energy imports and those directly affected by hostilities.

For China, production and supply grew fast and employment was generally stable, while foreign trade showed good momentum of growth. The gross domestic product (GDP) of China in the first half of 2026 was up by 4.7% year-on-year at constant prices, demonstrating strong resilience.

Hong Kong's economy continued to expand robustly in the second quarter of 2026, underpinned by buoyant external trade and resilient domestic demand. For the first half of 2026, real GDP grew by 5.1% over a year earlier, the strongest half-yearly performance in nearly five years.

CHAIRMAN'S STATEMENT (Cont'd)

Hong Kong received about 26.7 million visitors during the first half of 2026, a 13.0% increase over the same period last year, with visitors from the Chinese Mainland accounting for about 77% of the total count. Among all visitor arrivals, 43.1% were overnight visitors, representing a growth of 2.0% year-on-year, with an average length of stay of 3.1 nights. During this period, the performance of the long-haul and short-haul markets has shown diverse trends. While the number of visitors from the long-haul markets continued to expand steadily, visitor arrivals from the traditional short-haul markets in Asia have declined, mainly impacted by the reduced flight capacities due to the increased fuel price and the strength of Hong Kong Dollars against their currencies.

According to the information published by the Hong Kong Tourism Board (HKTB), the average hotel room occupancy for all the surveyed hotels under different categories in Hong Kong for the half year ended 30th June was up from 85% in 2025 to 86% in 2026, while the average achieved room rate improved by 7.6%, resulting in an increment in the average Revenue per Available Room (RevPAR) of 8.9% year-on-year.

HOTEL OWNERSHIP

The Regal group owns and operates the Regala Skycity Hotel at the Hong Kong International Airport. This hotel has over 1,200 well decorated hotel rooms and suites, which is complemented with food and beverage and conference facilities catering to Meetings, Incentives, Conferences and Exhibitions (MICE) businesses, and with direct linkage to the AsiaWorld-Expo, the 11 Skies compound and the Airport Terminal 2.

During the interim period, the Regala Skycity Hotel operated steadily, with average RevPAR having further improved over the corresponding period in 2025. The Airport Terminal 2 commenced operation in May 2026. It is anticipated that as the passenger traffic at this new terminal continues to grow, to which the Regala Skycity Hotel is directly linked, increased business will be generated for the hotel.

The Regal group also owns an 186-room hotel property in Barcelona, Spain, which has been leased to a third-party operator. Though this hotel property is yielding attractive rental returns, the Regal group is examining different options for the continuation of the lease or for its disposal as part of the its deleveraging plans, if the price offered is considered satisfactory.

REGAL REAL ESTATE INVESTMENT TRUST

For the interim period ended 30th June, 2026, Regal REIT recorded a consolidated loss before distribution to Unitholders of HK\$186.2 million, as compared to the loss of HK\$508.1 million for the same period in 2025. In the interim period, there was a loss of HK\$114.4 million arising from the decrease in the fair value of Regal REIT's investment property portfolio, based on the market valuations appraised by the principal valuer as of 30th June, 2026, as compared to its last appraised value as of 31st December, 2025. While for the corresponding period last year, a fair value loss of HK\$517.1 million was recorded. If these fair value changes are excluded, Regal REIT would record for the interim period a core operating loss before distribution to Unitholders of HK\$71.8 million, as compared to a core operating profit of HK\$9.0 million for the same period in 2025.

However, it should be noted that the consolidated loss recorded by Regal REIT for the interim period has accounted for the loss of HK\$81.7 million and related expenses of HK\$22.0 million incurred on the transaction for the disposal of the Regal Oriental Hotel completed in April 2026, which were one-off in nature. If these extraordinary loss and related expenses associated with the disposal of the Regal Oriental Hotel are excluded, Regal REIT would have attained a core operating profit and a positive distributable income for the interim period.

Following its disposal of the Regal Oriental Hotel and the partial prepayment of the outstanding loan facilities, Regal REIT has recently concluded in early August a new refinancing facility of HK\$3,900.0 million with the syndicate of existing bank lenders. This new facility has a term of 4 years and is presently secured on three of the Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Riverside Hotel and certain commercial floor areas of Po Sing Court in Kowloon City.

HOTEL OPERATIONS

Favour Link International Limited, a wholly owned subsidiary of Regal, is the lessee operating all the four Regal Hotels and three iclub Hotels under leases from Regal REIT.

To cope with the competitive market environment, the Regal group has implemented different measures to improve operating efficiencies and to contain operating costs. During the interim period, the average RevPAR of the four Regal Hotels in Hong Kong has improved by 10.5% year-on-year, while their aggregate net property income has increased by 35.8%, despite falling short of the prorated base rents under the leases with Regal REIT.

As regarding the three iclub Hotels also under lease from Regal REIT, namely, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, their average RevPAR was marginally below that in the first half of last year due to keen market competition, but benefiting from the measures taken to reduce the operating costs, their aggregate net property income has managed to increase by 13.2% over the last comparative period, albeit still below the prorated base rents.

With the continuing influx of international and Chinese Mainland students to Hong Kong, there is a strong demand for student accommodation. As an initial phase, certain hotels under lease from Regal REIT, including the Regal Riverside Hotel and the three iclub Hotels, have allocated part of their room inventories to participate in the "Aspire House" student accommodation project promoted by the Regal group. While they are generating stable long staying revenues for those hotels, the project itself has received many positive social responses.

HOTEL MANAGEMENT

The Regal group's hotel management business is operated through Regal Hotels International Limited (RHI), the wholly-owned hotel management arm. All the hotels owned within the Regal group in Hong Kong, including the Regala Skycity Hotel and the eight Regal and iclub Hotels owned through Regal REIT, are managed by RHI. In addition, RHI is also the hotel manager managing the iclub Mong Kok Hotel and the iclub AMTD Sheung Wan Hotel.

In China, the Regal group is providing management services to one hotel in Shanghai and one hotel in Dezhou operating under the Regal brand.

CHAIRMAN'S STATEMENT (Cont'd)

PROPERTIES

Apart from its 50% joint venture interest held in P&R, the Regal group itself owns a portfolio of investment and development properties.

Regarding the property development business undertaken by the Regal group itself, as reported before, all the residential units at the commercial/residential development at The Queens at Queen's Road West have been sold, while the commercial accommodations on the ground and first floors are being retained. The Regal group also owns a site at Hai Tan Street, Sham Shui Po, which is intended for a commercial/residential development.

During the year to date, the Regal group has entered into contracts for the disposal at satisfactory prices of 3 garden houses in Regalia Bay, a luxury garden house project in Stanley jointly developed by the Regal group in earlier years, two of which have since been duly completed. The Regal group still owns 5 garden houses in Regalia Bay, some of which will continue to be disposed of.

As mentioned before, the Regal group had entered into an agreement in May 2025 for the sale of its equity interests in the renovation-for-sale project in Lisbon, Portugal. Completion of this sale transaction, originally expected in May 2026, duly took place in July this year.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2026, Cosmopolitan recorded a consolidated loss attributable to shareholders of HK\$232.4 million, as compared to the loss of HK\$56.5 million for the comparative six months in the preceding year.

Although the Cosmopolitan group completed the sale of the hotel property in its Regal Cosmopolitan City project in Chengdu in June 2026, the progress on the disposals of the remaining commercial components in this project in Chengdu as well as in its other development project in Tianjin remained sluggish. Consequently, overall profit contribution from the sale of properties during the period was relatively modest. The increased loss sustained in the half year under review was mainly attributable to the impairment of the capitalised prepayment costs of its reforestation and land grant project in Urumqi, due to recent changes in circumstances affecting the project.

BUSINESS OVERVIEW

Despite the Central Government's policy support, the real estate market in China has continued to consolidate. Overall property sales volumes as well as new investments in real estate have both declined.

As mentioned above, the Cosmopolitan group has completed the sale of the hotel property in its development project in Chengdu in June 2026 and the sales proceeds used to settle its liabilities and for general working capital. The remaining commercial components in its Chengdu project and in the Regal Renaissance development project in Tianjin, both of which have now been fully completed, still command significant value. However, due to the unfavourable market condition affecting the commercial property segment, sales progress has been very slow.

OUTLOOK

REGAL GROUP

Hong Kong is investing additional resources to reinforce its tourism competitiveness and to diversify its visitor source markets, with a view to driving a long-term sustainable development of its tourism industry. In the meanwhile, Hong Kong is also strengthening its status as an Asian international metropolis and deepening its role as a super-connector for the international travellers with the Greater Bay Area.

Although the overall business outlook for Hong Kong remains very challenging due to the prolonged geopolitical tensions in Ukraine and the Middle East, the local tourism industry is nevertheless expected to continue its recovering trend.

After the sale of the Regal Oriental Hotel, the finance costs of Regal REIT have been further alleviated, while the overall interest rate environment is gradually stabilising. Accordingly, the directors of the REIT Manager anticipate that, barring any unforeseen circumstances, Regal REIT will be able to achieve core operating profit in the second half of 2026.

The Regal group has taken proactive steps to implement its assets disposal programme, which have produced positive results. The Regal group will continue with its plans to reduce its overall indebtedness level, with a view to further reinforcing its financial strength.

COSMOPOLITAN GROUP

The Central Government will continue to introduce supportive policies and administrative measures to reduce market imbalances and to restore property buyers' confidence. It can be expected that the overall real estate market in China will stabilise, although the process might be gradual.

The Cosmopolitan group will closely monitor the market conditions for the relaunch of the sales programmes for the two projects in Chengdu and Tianjin but, in the meanwhile, will also explore opportunities for the disposal of the remaining components on en bloc basis.

PALIBURG GROUP

The overall property market in Hong Kong is gradually stabilising. Moreover, unit sales launched in the primary residential segment have been met with positive response, illustrating resilient market fundamentals.

The Group still owns a strong portfolio of completed properties as well as property development projects in Hong Kong and Chinese Mainland, which are expected to generate substantial revenues. The Group will continue with its strategic assets disposals plans, with a view to strengthening the Group's overall financial base.

LO YUK SUI

Chairman

Hong Kong
26th August, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including financial assets investments.

The significant investments and business interests of Regal Hotels International Holdings Limited ("RHIHL"), the principal listed subsidiary of the Group, comprise hotel ownership business, which is principally undertaken through Regal Real Estate Investment Trust ("Regal REIT"), hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings Limited ("P&R") and other investment businesses.

Cosmopolitan International Holdings Limited ("Cosmopolitan") is a listed subsidiary of the Group held through P&R. The principal business activities of the Cosmopolitan group comprise property development and investment, which are mainly focused in Chinese Mainland, and other investments including financial assets investments.

The performance of the Group's property, construction and building related and other investment businesses, and those of the principal businesses of RHIHL, Regal REIT and Cosmopolitan for the period, including the commentary on the business sectors in which the Group operates, the changes in the general market conditions and their potential impact on the Group's operating performance and future prospects, is contained in the preceding Chairman's Statement and in this Management Discussion and Analysis.

The Group has no immediate plans for acquisition of material investments or capital assets, other than those disclosed in the sections headed "Business Overview" and "Outlook" in the preceding Chairman's Statement, and in this section.

P&R HOLDINGS LIMITED

P&R is a 50/50 owned joint venture established with RHIHL, with capital contributions provided by the Company and RHIHL on a pro-rata basis in accordance with their respective shareholdings. As the Company owns a controlling shareholding interest in RHIHL, P&R is, effectively, a subsidiary of the Company. P&R's business scope encompasses the development of real estate projects for sale and/or leasing, the undertaking of related investment and financing activities, and the acquisition or making of any investments (directly or indirectly) in the financial assets of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

Further information relating to the property development projects undertaken and properties owned by the P&R group in Hong Kong (which, unless otherwise denoted, are all wholly owned by the P&R group) is set out below:

Domus and Casa Regalia, Nos.65-89 Tan Kwai Tsuen Road, Yuen Long, New Territories

This residential project, which was completed in 2016, has a site area of approximately 11,192 square metres (120,470 square feet) and provides a total of 170 units, comprising 36 garden houses and a low-rise apartment block with 134 units, having aggregate gross floor area of approximately 11,192 square metres (120,470 square feet).

All the units in the apartment block, named Domus, had been sold. The garden houses comprised within this development are named as Casa Regalia. 5 houses in Casa Regalia are still being retained and will continue to be disposed of.

We Go MALL, No.16 Po Tai Street, Ma On Shan, Sha Tin, New Territories

This development has a site area of 5,090 square metres (54,788 square feet) and a maximum permissible gross floor area of 15,270 square metres (164,364 square feet). The site has been developed into a shopping mall with 5 storeys above ground level and 1 storey of basement floor. This shopping mall was opened for business in 2018 and is held for rental income.

As an alternative option to optimise the value of this property, P&R has recently applied to the Town Planning Board for the conversion of the property to primarily residential with commercial use. The proposed land use conversion plan for this property is dependent on a favourable outcome of the application and the subsequent approval process with the various government authorities as well as the assessment of the land premium for the requisite modification of the land lease conditions, which may take years to complete even if the application is successful. In this meantime, the We Go MALL will continue to be leased out for rental income.

The Ascent, No.83 Shun Ning Road, Sham Shui Po, Kowloon

This is a project undertaken pursuant to a tender award from the Urban Renewal Authority of Hong Kong in 2014. The land has a site area of 824.9 square metres (8,879 square feet) and has been developed into a 28-storey commercial/residential building (including 1 basement floor) with a total gross floor area of 7,159 square metres (77,059 square feet), providing 157 residential units, 2 storeys of shops and 1 storey of basement car parks. The project was completed in 2018. All the residential units as well as certain shops and car parks had already been disposed of. The remaining 2 shops and 5 car parks will continue to be sold.

Mount Regalia, 23 Lai Ping Road, Kau To, Sha Tin, New Territories

The project has a site area of 17,476 square metres (188,100 square feet) which has been developed into a luxury residential complex comprising 7 mid-rise apartment blocks with 136 units, 24 detached garden houses and 197 car parking spaces, with aggregate gross floor area of approximately 32,474 square metres (349,547 square feet). The occupation permit was issued in September 2018 and the certificate of compliance in February 2019.

This development received eight international awards including winner of Luxury Lifestyle Awards as Best Luxury Residential Development and Best Luxury Sustainable Residential Development in Hong Kong in 2021 as well as for the superb interior designs of certain of its show houses and apartment units.

Up to date, a total of 21 garden houses and 97 apartment units have been sold or contracted to be sold for a total sale price of HK\$6,028.6 million, of which 16 apartment units and 1 house (including 1 house and 2 apartment units under resale) were sold or contracted to be sold during the course of this year. Sale transactions completed during the interim period included 9 apartment units together with 8 car parks (total sale price of HK\$350.7 million) and the profits derived therefrom accounted for in the results under review.

Apart from those houses and apartment units that are under contracts for sale, but yet pending completion, P&R still owns 3 houses and 39 apartment units in this development, which command significant value.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

iclub Mong Kok Hotel, 2 Anchor Street, Mong Kok, Kowloon

This is a hotel development project undertaken through a tender award from the Urban Renewal Authority of Hong Kong in 2015. The project has a site area of 725.5 square metres (7,809 square feet), with total permissible gross floor area of approximately 6,529 square metres (70,278 square feet) and covered floor area of approximately 9,355 square metres (100,697 square feet).

The project has been developed into a 20-storey hotel, comprising 288 guestrooms with ancillary facilities, which commenced business in March 2019. The hotel is presently self-operated by P&R and managed by the RHIHL group.

iclub AMTD Sheung Wan Hotel, No.5 Bonham Strand West, Sheung Wan, Hong Kong

The project has an aggregate site area of approximately 345 square metres (3,710 square feet) and has been developed into a hotel with 98 guestrooms and suites (total 162 room bays), with a total gross floor area of approximately 5,236 square metres (56,360 square feet) and covered floor area of approximately 7,118 square metres (76,618 square feet).

Following its divestiture of a 50% beneficial interest in December 2019, the property is presently 50% owned by P&R. This hotel was officially opened for business in November 2020 and has since been self-operated by the joint venture entity and managed by the RHIHL group.

Nos.9-19 Kam Wa Street, Shau Kei Wan, Hong Kong

The subject properties, which were acquired through private treaty transactions, have a total site area of 518 square metres (5,580 square feet). The demolition works for this project had been completed and is planned for a commercial/residential development. Foundation works for this development site have already commenced.

The proposed development is planned to provide residential and commercial accommodations with total gross floor area in the range of 3,935 square metres (42,356 square feet) and 398 square metres (4,284 square feet), respectively.

Nos.291-293 and 301-303 Castle Peak Road, Cheung Sha Wan, Kowloon

Following the conclusion of the Land Compulsory Sale process in August 2024, 100% ownership interests in the subject properties have been successfully consolidated.

Certain parts of the existing properties at Nos.301-303 Castle Peak Road are presently classified as a Grade 2 Historic Building. A conservation proposal in conjunction with the proposed development is being discussed with the relevant government authorities, which would involve conserving the verandah portion of historical heritage within the new development, thus preserving its unique iconic image in the vicinity. The existing buildings at Nos.291-293 Castle Peak Road had been demolished and the demolition works for the existing buildings at Nos.301-303 Castle Peak Road are in progress.

It is proposed that the project will be developed into a residential building on top of a commercial podium with a total gross floor area of approximately 3,663 square metres (39,429 square feet) and 733 square metres (7,890 square feet), respectively.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

RHIHL is a listed subsidiary of the Company. Further information relating to the property projects undertaken and the principal properties owned by RHIHL group (other than those owned by Regal REIT), which are all wholly owned by RHIHL, is set out below:

Hong Kong*Regala Skycity Hotel, the Hong Kong International Airport*

In February 2017, a wholly owned subsidiary of RHIHL secured the award from the Airport Authority in Hong Kong of the development right for this new hotel project at the Hong Kong International Airport.

The hotel project has a site area of approximately 6,650 square metres (71,580 square feet) and permissible gross floor area of 33,700 square metres (362,750 square feet). The hotel has 13 storeys (including one basement floor) with a total of 1,208 guestrooms and suites, complemented with extensive banquet, meeting and food and beverage facilities. It has direct linkage to the AsiaWorld-Expo, the 11 Skies compound as well as the new Airport Terminal 2 which commenced operation in May 2026.

The hotel licence was issued in November 2021 and the hotel grand opened in April 2023.

The Queens, No.160 Queen's Road West, Hong Kong

The project has a combined site area of 682 square metres (7,342 square feet) and has been developed into a commercial/residential building with gross floor area of about 5,826 square metres (62,711 square feet). The building has a total of 130 residential units with club house facilities on the second floor, a landscape garden on the third floor and commercial accommodations on the ground and first floors. The occupation permit was obtained in August 2022.

All the residential units have been sold, while the commercial accommodations on the ground and first floors are being retained.

Nos.227-227C Hai Tan Street, Sham Shui Po, Kowloon

100% ownership interests in the subject redevelopment properties have been acquired through the judicial proceedings for Land Compulsory Sale. The property is presently a vacant site with a total site area of 431 square metres (4,644 square feet) and is intended for a commercial/residential development with gross floor area of about 3,691 square metres (39,733 square feet).

Regalia Bay, 88 Wong Ma Kok Road, Stanley, Hong Kong

During the year to date, the RHIHL group has entered into contracts for the disposal of three garden houses at satisfactory prices, two of which have since been duly completed. The RHIHL group still owns 5 garden houses in Regalia Bay with total gross area of about 2,292 square metres (24,671 square feet). Some of these remaining houses will continue to be disposed of.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Overseas

Campus La Mola, Barcelona, Spain

This hotel property has a total of 186 guestrooms and was acquired by the RHIHL group in 2014. The hotel is presently under lease to an independent third party, which is generating steady rental income.

Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal

This is a rehabilitation and renovation project for a historical building located in a heritage conservation area of Lisbon, acquired in 2019 by an entity that is now wholly owned by the RHIHL group. This building has a total gross floor area of about 1,836 square metres (19,768 square feet), comprising residential apartments as well as shops on the ground floor. The renovation works had been completed and the relevant usage permits were obtained in August 2024.

In May 2025, the RHIHL group entered into an agreement for the divestiture of its entire equity and loan interests in the company holding the property to a group of independent third-party investors for a cash consideration of EUR9.3 million (equivalent to approximately HK\$84.0 million). Completion of this disposal transaction, originally expected in May 2026, duly took place in July this year.

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Cosmopolitan is a listed subsidiary of the Group held through P&R. Further information relating to the property projects of the Cosmopolitan group in Chinese Mainland, all of which are wholly owned, is set out below:

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

All the residential units in the latest phase of the development had been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK\$2,314.0 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the latest phase of the residential site in the development project is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold, for aggregate sale considerations of approximately RMB93.2 million (HK\$107.5 million). The sale of the 1,387 car parking spaces is continuing and, up to date, 593 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB58.9 million (HK\$67.4 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The remaining commercial components of the final stage of the development comprise a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet), which have all been completed.

The sale programme for the units in one of the office towers, consisting of 434 units with a total of about 19,400 square metres (208,800 square feet), is on-going. Up to date, 380 office units with a total of about 16,974 square metres (182,708 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB145.8 million (HK\$164.6 million).

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been sold, for aggregate sale considerations of approximately RMB8.1 million (HK\$9.3 million).

The Cosmopolitan group entered into an agreement in January 2026 for the sale of the hotel block within the development to a third party purchaser for hotel operations at a gross consideration of RMB143.0 million. This transaction was completed in June 2026 and the net proceeds received were used to settle the Cosmopolitan group's liabilities and for its general working capital purpose.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

All residential units in this development had been sold. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex is ongoing. Up to date, shops with a total area of 16,050 square metres (172,762 square feet) have been sold for aggregate sale considerations of approximately RMB374.1 million (HK\$419.5 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium with total gross floor area of 67,739 square metres (729,143 square feet).

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Cosmopolitan group had re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection of the required re-forestation area, land grant listing and tender procedures are completed. The Cosmopolitan group should be entitled to participate in the tender of such land use right and monetary compensation in reference to the re-forestation cost of the Cosmopolitan group incurred.

Based on the legal advice obtained, the legitimate interests of the Cosmopolitan group in the re-forestation contract remained valid and effective. However, as a prerequisite to securing the right for the Cosmopolitan group to participate in the land grant and monetary compensation for the re-forestation costs incurred, the re-forested area would require to undergo a satisfactory inspection by the local municipality government.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The Cosmopolitan group has conducted communications with the local government authorities in recent months and it has since become apparent that the municipality government is not prepared to process the requisite inspection of the re-forested area in the near future, despite the fact that the Cosmopolitan group had re-forested and maintained the project site for more than a decade.

Having regard to other more compelling needs for the use of the Cosmopolitan group's available financial resources and the increasing uncertainties encroaching on its ability to secure its contractual rights under the re-forestation and land grant contract, the Cosmopolitan group determined to suspend the work for the maintenance of the re-forested area in April 2026, until there is some positive development on the site inspection by the local municipality government.

As the suspension of the maintenance work could potentially cause adverse impact on the Cosmopolitan group's contractual rights under the re-forestation and land grant contract, the Cosmopolitan group has fully impaired the capitalised prepayment costs associated with this project in its financial results for the half year ended 30th June, 2026 due to the recent changes in the circumstances affecting the project.

The Cosmopolitan group will continue its regular contact with the relevant government officials and will consider resuming the re-forestation maintenance work as and when the Cosmopolitan group is satisfied that the local government is ready to implement the process for the aforesaid requisite inspection and compensation. In the meantime, the Cosmopolitan group is exploring other options to divest the project or to introduce strategic investors to co-develop the project.

CONSTRUCTION AND BUILDING RELATED BUSINESSES

The Group's wholly owned construction arm, Chatwin Engineering Limited, was the main contractor for the construction of P&R's residential project at Domus and Casa Regalia as well as its other hotel projects in Hong Kong, namely, iclub Sheung Wan Hotel, iclub Fortress Hill Hotel, iclub To Kwa Wan Hotel and iclub Mong Kok Hotel, all completed in the years between 2014 and 2019. Chatwin was also responsible for the construction management of the Mount Regalia project and the Regala Skycity Hotel project completed in 2019 and 2021 respectively. Chatwin will continue to seek public construction contracts while providing in-house services to the Group's construction projects including construction management, safety and quality assurance.

With its extensive experience and professional expertise, the Group's development consultancy division played a key role, throughout the years, in supporting the in-house needs of the Group's member companies on development projects, from project inception stage, feasibility studies to project completion. These professional services include development appraisal, project management, architectural, interior design as well as quality control and cost engineering.

FINANCIAL ASSETS AND OTHER INVESTMENTS

The Group holds a significant portfolio of investments comprising listed securities and other investments, including investment funds, private equities, bonds as well as treasury and yield enhancement products.

FINANCIAL REVIEW

ASSETS VALUE

All the hotel properties of the Group in Hong Kong owned by Regal REIT, with the exception of the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel, were stated in the financial statements at their fair values as at 7th May, 2012 when RHIHL, together with Regal REIT, became subsidiaries of the Group, plus subsequent capital additions and deducting accumulated depreciation. Moreover, the iclub Sheung Wan Hotel, the iclub Fortress Hill Hotel and the iclub To Kwa Wan Hotel were stated in the Group's financial statements at cost after full elimination of the unrealised gain arising from the disposal of the hotels by P&R to Regal REIT, while the iclub Mong Kok Hotel owned by P&R and the Regala Skycity Hotel owned by the RHIHL group, completed in 2019 and 2021 respectively, are stated at cost, and they are all also subject to depreciation. For the purpose of providing supplementary information, if the entire hotel property portfolio of the Group in Hong Kong is restated in the condensed consolidated financial statements at market value as at 30th June, 2026, the Group's unaudited adjusted net asset and the unaudited adjusted net asset value per ordinary share of the Company would be HK\$12,983.6 million and HK\$11.65 per share, respectively, computed as follows:

As at 30th June, 2026

	HK\$'million	HK\$ per ordinary share
Book net assets attributable to equity holders of the parent	7,273.9	6.53
Adjustment to restate the Group's hotel property portfolio in Hong Kong at its market value and add back any relevant deferred tax liabilities	5,709.7	5.12
Unaudited adjusted net assets attributable to equity holders of the parent	12,983.6	11.65

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Property development projects in Hong Kong are financed partly by internal resources and partly by bank financing. Project financing in Hong Kong is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date. Property development projects in the People's Republic of China (the "PRC") are substantially financed by internal resources and proceeds from the presale of the units. Project financings for the projects in the PRC and overseas may be arranged, if terms are considered appropriate, to cover a part of the land costs and/or construction costs, and with the loan maturities aligning with the estimated project completion dates and/or sales forecast.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The Group's banking facilities are mostly denominated in Hong Kong dollars with interest primarily determined by reference to the interbank offered rates. The use of hedging instruments for interest rate purposes to cater to business and operational needs is kept under review by the Group's management from time to time. As regards the Group's investments in the PRC and overseas, which are denominated in currencies other than US dollars and Hong Kong dollars, the Group may consider, when deemed appropriate, hedging part or all of the investment amounts into US dollars or Hong Kong dollars to contain the Group's exposure to currency fluctuations.

Cash Flows

Net cash flows generated from operating activities during the period under review amounted to HK\$554.2 million (2025 - HK\$198.3 million). Net interest payment for the period amounted to HK\$380.3 million (2025 - HK\$472.9 million).

Borrowings and Gearing

As at 30th June, 2026, the Group had cash and bank balances and deposits of HK\$1,392.8 million (31st December, 2025 - HK\$947.1 million) and the Group's borrowings, net of cash and bank balances and deposits, amounted to HK\$14,875.7 million (31st December, 2025 - HK\$16,679.5 million).

As at 30th June, 2026, the gearing ratio of the Group was 48.1% (31st December, 2025 - 51.4%), representing the Group's borrowings, net of cash and bank balances and deposits, of HK\$14,875.7 million (31st December, 2025 - HK\$16,679.5 million), as compared to the total assets of the Group of HK\$30,894.9 million (31st December, 2025 - HK\$32,461.5 million).

On the basis of the adjusted total assets as at 30th June, 2026 of HK\$41,121.4 million (31st December, 2025 - HK\$43,446.5 million) with the hotel portfolio owned by the Group in Hong Kong restated at its market value on the basis presented above, the gearing ratio would be 36.2% (31st December, 2025 - 38.4%).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2026 are shown in notes 11 and 12 to the condensed consolidated financial statements.

Lease Liabilities

As at 30th June, 2026, the Group had lease liabilities of HK\$162.6 million (31st December, 2025 - HK\$164.5 million).

Pledge of Assets

As at 30th June, 2026, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, time deposits and bank balances in the total amount of HK\$25,961.8 million were pledged to secure general banking facilities and other loan facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, the equity interests in the relevant holding companies of certain property interests and other assets were also pledged to secure certain bank and other borrowings of the Group.

As at 31st December, 2025, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK\$26,847.7 million were pledged to secure general banking facilities and other loan facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, the equity interests in the relevant holding companies of certain property interests and financial assets at fair value through profit or loss as well as other assets were also pledged to secure certain bank and other borrowings of the Group.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2026 are shown in note 18 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2026 are shown in note 17 to the condensed consolidated financial statements.

Share Capital

During the period under review, there was no change in the share capital of the Company.

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2026 (2025 - Nil).

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 20 to the condensed consolidated financial statements.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the period under review, except for the disposal of subsidiaries as detailed in note 13 to the condensed consolidated financial statements, there were no other material acquisitions or disposals of subsidiaries or associates of the Company.

STAFF AND REMUNERATION POLICY

The Group employs approximately 1,660 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical insurance for staff in Hong Kong, and the social security fund and the housing provident fund for staff in the PRC.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June, 2026

		Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	Notes	HK\$'million	HK\$'million
REVENUE	2, 3	1,528.8	1,186.0
Cost of sales		(1,000.7)	(782.2)
Gross profit		528.1	403.8
Other income and gains, net	3	22.2	15.4
Gain on disposal of subsidiaries		610.1	–
Fair value losses on investment properties, net		(52.4)	(168.0)
Fair value losses on financial assets at fair value through profit or loss, net		(20.1)	(0.2)
Impairment loss on properties under development		–	(4.0)
Impairment loss on properties held for sale		(0.3)	(32.8)
Impairment loss on investment in associates		(0.1)	(0.2)
Impairment loss on prepayments		(163.3)	–
Loss on re-measurement of finance lease		–	(17.7)
Property selling and marketing expenses		(112.2)	(41.9)
Administrative expenses		(198.9)	(179.1)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION		613.1	(24.7)
Depreciation	4	(307.3)	(346.1)
OPERATING PROFIT/(LOSS)		305.8	(370.8)
Finance costs	5	(413.3)	(521.4)
Share of profits and losses of associates		(2.7)	(1.8)
LOSS BEFORE TAX	4	(110.2)	(894.0)
Income tax	6	(19.2)	(5.4)
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		(129.4)	(899.4)
Attributable to:			
Equity holders of the parent		(209.8)	(613.4)
Non-controlling interests		80.4	(286.0)
		(129.4)	(899.4)
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		HK\$(0.22)	HK\$(0.59)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2026

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(129.4)	(899.4)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of cash flow hedges	26.5	(50.1)
Transfer from hedging reserve to profit or loss	7.9	2.9
	34.4	(47.2)
Exchange differences on translation of foreign operations	65.8	107.5
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	100.2	60.3
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets designated at fair value through other comprehensive income	(0.1)	(0.8)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	100.1	59.5
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(29.3)	(839.9)
Attributable to:		
Equity holders of the parent	(150.8)	(566.7)
Non-controlling interests	121.5	(273.2)
	(29.3)	(839.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2026

		30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	Notes	HK\$'million	HK\$'million
NON-CURRENT ASSETS			
Property, plant and equipment		5,031.1	5,217.0
Investment properties		2,692.8	3,098.1
Right-of-use assets		13,931.7	14,850.5
Properties under development		889.7	885.9
Investments in associates		320.9	286.3
Financial assets designated at fair value through other comprehensive income		3.9	4.0
Financial assets at fair value through profit or loss		255.1	292.3
Derivative financial instruments		12.4	–
Loans receivable		111.8	114.8
Debtors, deposits and prepayments	9	32.1	190.3
Deferred tax assets		47.7	47.7
Trademark		610.2	610.2
Other intangible asset		3.6	3.6
Total non-current assets		23,943.0	25,600.7
CURRENT ASSETS			
Properties under development		657.3	655.6
Properties held for sale		4,418.6	4,759.9
Inventories		43.2	47.4
Loans receivable		28.4	42.3
Debtors, deposits and prepayments	9	352.8	361.8
Financial assets at fair value through profit or loss		14.9	17.5
Derivative financial instruments		3.6	–
Tax recoverable		40.3	29.2
Restricted cash		585.5	332.1
Pledged time deposits and bank balances		273.4	295.2
Time deposits		73.5	18.0
Cash and bank balances		460.4	301.8
Total current assets		6,951.9	6,860.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 30th June, 2026

		30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	Notes	HK\$'million	HK\$'million
CURRENT LIABILITIES			
Creditors and accruals	10	(684.5)	(697.9)
Contract liabilities		(224.4)	(158.2)
Lease liabilities		(9.1)	(11.3)
Deposits received		(135.1)	(122.7)
Interest bearing bank borrowings	11	(8,067.5)	(5,768.0)
Other borrowings	12	(438.7)	(400.0)
Derivative financial instruments		–	(1.0)
Tax payable		(309.2)	(435.9)
Total current liabilities		(9,868.5)	(7,595.0)
NET CURRENT LIABILITIES		(2,916.6)	(734.2)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,026.4	24,866.5
NON-CURRENT LIABILITIES			
Deposits received		(14.6)	(17.8)
Lease liabilities		(153.5)	(153.2)
Interest bearing bank borrowings	11	(7,604.1)	(11,458.6)
Other borrowing	12	(158.2)	–
Derivative financial instruments		(14.8)	(49.2)
Deferred tax liabilities		(1,255.7)	(1,326.3)
Total non-current liabilities		(9,200.9)	(13,005.1)
Net assets		11,825.5	11,861.4
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		111.4	111.4
Reserves		7,162.5	7,313.3
		7,273.9	7,424.7
Perpetual securities		1,732.9	1,732.9
Non-controlling interests		2,818.7	2,703.8
Total equity		11,825.5	11,861.4

For the six months ended 30th June, 2026

28

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June, 2026

	Attributable to equity holders of the parent													
		Share premium account (Unaudited)	Capital redemption reserve (Unaudited)	Capital reserve (Unaudited)	Special reserve (Unaudited)	Hedging reserve (Unaudited)	through other comprehensive income (Unaudited)	Property revaluation reserve (Unaudited)	Exchange equalisation reserve (Unaudited)	Retained profits (Unaudited)	Total (Unaudited)	Perpetual securities (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
At 1st January, 2025	111.4	1,356.1	4.3	3,100.9	689.6	0.9	(207.5)	7.0	(193.5)	3,615.7	8,484.9	1,732.9	3,262.0	13,479.8
Loss for the period	-	-	-	-	-	-	-	-	-	(613.4)	(613.4)	-	(286.0)	(899.4)
Other comprehensive income/(loss) for the period:														
Changes in fair value of financial assets designated at fair value through other comprehensive income	-	-	-	-	-	-	(0.5)	-	-	-	(0.5)	-	(0.3)	(0.8)
Cash flow hedges	-	-	-	-	-	(24.5)	-	-	-	-	(24.5)	-	(22.7)	(47.2)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	71.7	-	71.7	-	35.8	107.5
Total comprehensive income/(loss) for the period	-	-	-	-	-	(24.5)	(0.5)	-	71.7	(613.4)	(566.7)	-	(273.2)	(839.9)
Deemed disposal of interests in a subsidiary	-	-	-	34.3	-	-	-	-	-	-	34.3	-	24.5	58.8
At 30th June, 2025	111.4	1,356.1	4.3	3,135.2	689.6	(23.6)	(208.0)	7.0	(121.8)	3,002.3	7,952.5	1,732.9	3,013.3	12,698.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2026

		Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	Note	HK\$'million	HK\$'million
Net cash flows from operating activities		554.2	198.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of subsidiaries	13	1,518.1	–
Purchases of financial assets at fair value through profit or loss		(0.3)	(0.1)
Proceeds from disposal of financial assets at fair value through profit or loss		–	80.4
Distribution from financial assets at fair value through profit or loss		7.9	44.1
Decrease in loans receivable		16.9	22.9
Additions to investment properties		(0.8)	(7.9)
Proceeds from disposal of investment properties		175.8	–
Purchases of items of property, plant and equipment		(22.7)	(15.1)
Proceeds from disposal of items of property, plant and equipment		–	0.1
Advance to an associate		(37.3)	–
Interest received		8.1	15.4
Dividends received from unlisted investments		9.1	5.1
Release of pledged time deposits and bank balances		21.8	–
Placement of pledged time deposits and bank balances		–	(3.2)
Release of restricted cash		–	16.5
Placement of restricted cash		(302.5)	–
Net cash flows from investing activities		1,394.1	158.2
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of new bank loans		304.0	21.8
Repayment of bank loans		(1,879.4)	(281.0)
Drawdown of other borrowings		230.7	73.0
Repayment of other borrowings		(35.0)	(73.0)
Interest paid		(388.5)	(488.7)
Payment of loan and other costs		(11.0)	(1.7)
Principal portion of lease payments		(2.3)	(4.8)
Contribution from non-controlling interests		0.6	–
Distribution to non-controlling interests of a listed subsidiary		(7.2)	–
Release of restricted cash		73.5	67.5
Placement of restricted cash		(23.4)	(1.4)
Net cash flows used in financing activities		(1,738.0)	(688.3)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the six months ended 30th June, 2026

		Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	Note	HK\$'million	HK\$'million
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		210.3	(331.8)
Cash and cash equivalents at beginning of period		319.8	677.2
Effect of foreign exchange rate changes, net		3.8	3.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD		533.9	349.0
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	14	533.9	349.0

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2026 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st December, 2025. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial statements.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Prior to the initial application of the amendments, the Group derecognised payables that were settled by cheques upon the issuance of cheques to creditors. Upon applying the amendments, payables that were settled by cheques are derecognised on the settlement date which is the date when the cheques are cleared by banks. The change in accounting policy did not have a material impact on the Group's interim condensed consolidated financial statements. The change in accounting policy will be reflected in the Group's consolidated financial statements for the year ending 31st December, 2026.
- (b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial statements.

- (c) *Annual Improvements to HKFRS Accounting Standards* – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial statements.

The Group had a net loss attributable to owners of the parent of HK\$209.8 million (2025 - HK\$613.4 million) for the period ended 30th June, 2026 and net current liabilities of HK\$2,916.6 million (31st December, 2025 - HK\$734.2 million) and net assets of HK\$11,825.5 million (31st December, 2025 - HK\$11,861.4 million) as at 30th June, 2026. In addition, the Group had total non-pledged time deposits, cash and bank balances of HK\$533.9 million (31st December, 2025 - HK\$319.8 million) as at 30th June, 2026 and positive net cash flows from operating activities of HK\$554.2 million (2025 - HK\$198.3 million) for the period ended 30th June, 2026.

The condensed consolidated financial statements were prepared based on the assumption that the Group is operating as a going concern, as the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 30th June, 2026, after taking into consideration the following:

- (i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
- (ii) the contracted sales of property assets of the Group up to the current date;
- (iii) the plan for disposal of certain non-core assets of the Group;
- (iv) the plan for the sales of the property assets which are readily available for sale, including the office units and other components of the development projects in Chengdu and Tianjin;
- (v) the refinancing plan for certain maturing interest bearing bank borrowings that are secured by certain properties; and
- (vi) the available unutilised financial facilities of the Group.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of properties and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy, project management and construction engineering services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management and hotel ownership segment engages in hotel operations and the provision of hotel management services, and the ownership in hotel properties for rental income;
- (d) the asset management segment engages in the provision of asset management services to Regal Real Estate Investment Trust ("Regal REIT");
- (e) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments; and
- (f) the others segment mainly comprises the provision of financing services, sale of food products, operation and management of restaurants, the provision of housekeeping and related services, and the aircraft ownership and leasing.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The following table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment			Construction and building related businesses			Hotel operation and management and hotel ownership			Asset management			Financial assets investments			Others			Eliminations			Consolidated		
	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)	Six months ended 30th June, 2026	2025	(Unaudited)
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Segment revenue (note 3):																								
Sales to external customers	556.7	248.4	16.6	15.4	905.6	878.8	-	-	0.3	0.8	49.6	42.6	-	-	1,866.0	1,528.8	-	-	1,866.0	1,528.8	-	-	-	-
Intersegment sales	15.7	15.8	10.3	6.0	0.3	0.4	46.2	46.3	-	-	92.0	84.2	(164.5)	(152.7)	-	-	-	-	-	-	-	-	-	-
	572.4	264.2	26.9	21.4	905.9	879.2	46.2	46.3	0.3	0.8	141.6	126.8	(164.5)	(152.7)	1,528.8	1,528.8	(164.5)	(152.7)	1,528.8	1,528.8	(164.5)	(152.7)	1,866.0	1,866.0
Total segment revenue	572.4	264.2	26.9	21.4	905.9	879.2	46.2	46.3	0.3	0.8	141.6	126.8	(164.5)	(152.7)	1,528.8	1,528.8	(164.5)	(152.7)	1,528.8	1,528.8	(164.5)	(152.7)	1,866.0	1,866.0
Segment results before depreciation	(209.8)	(204.8)	(2.8)	(8.1)	911.0	248.6	(6.1)	(6.6)	(11.3)	(0.5)	2.2	1.0	-	-	683.2	29.6	-	-	683.2	29.6	-	-	(346.0)	(346.0)
Depreciation	(11.5)	(5.1)	(0.3)	(0.3)	(293.2)	(338.5)	-	-	-	-	(2.1)	(2.1)	-	-	(307.1)	(346.0)	-	-	(307.1)	(346.0)	-	-	(346.0)	(346.0)
	(221.3)	(209.9)	(3.1)	(8.4)	617.8	(89.9)	(6.1)	(6.6)	(11.3)	(0.5)	0.1	(1.1)	-	-	376.1	(316.4)	-	-	376.1	(316.4)	-	-	(316.4)	(316.4)
Segment results	(221.3)	(209.9)	(3.1)	(8.4)	617.8	(89.9)	(6.1)	(6.6)	(11.3)	(0.5)	0.1	(1.1)	-	-	376.1	(316.4)	-	-	376.1	(316.4)	-	-	(316.4)	(316.4)
Unallocated interest income and unallocated non-operating and corporate gains																10.3	11.8			10.3	11.8			11.8
Unallocated non-operating and corporate expenses																(84.6)	(66.4)			(84.6)	(66.4)			(66.4)
Finance costs (other than interest on lease liabilities)																(409.3)	(521.2)			(409.3)	(521.2)			(521.2)
Share of profits and losses of associates	0.3	0.3	-	-	(3.0)	(2.1)	-	-	-	-	-	-	-	-	-	(2.7)	(1.8)			(2.7)	(1.8)			(1.8)
Loss before tax																(110.2)	(894.0)			(110.2)	(894.0)			(894.0)
Income tax																(19.2)	(5.4)			(19.2)	(5.4)			(5.4)
																(129.4)	(899.4)			(129.4)	(899.4)			(899.4)
Loss for the period before allocation between equity holders of the parent and non-controlling interests																(209.8)	(613.4)			(209.8)	(613.4)			(613.4)
Attributable to:																80.4	(286.0)			80.4	(286.0)			(286.0)
Equity holders of the parent																(129.4)	(899.4)			(129.4)	(899.4)			(899.4)
Non-controlling interests																								(899.4)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. Revenue, Other Income and Gains, net

Revenue, other income and gains, net are analysed as follows:

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	539.2	216.6
Hotel operations and management services	874.0	848.6
Construction and construction-related income	12.4	11.1
Estate management fees	4.2	4.3
Other operations	49.6	42.6
	<u>1,479.4</u>	<u>1,123.2</u>
<i>Revenue from other sources</i>		
Rental income:		
Hotel properties	20.5	20.7
Investment properties	26.6	36.4
Others	2.0	2.5
Interest income from financial assets at fair value through profit or loss	0.1	0.2
Interest income from finance lease	–	2.4
Dividend income from listed investments	0.2	0.8
Loss from sale of listed investments included in financial assets at fair value through profit or loss, net	–	(0.2)
	<u>49.4</u>	<u>62.8</u>
Total	<u>1,528.8</u>	<u>1,186.0</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation with the operating segment information:

	For the six months ended 30th June, 2026				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Types of goods or services					
Construction and construction-related income	–	12.4	–	–	12.4
Sale of properties	539.2	–	–	–	539.2
Estate management fees	–	4.2	–	–	4.2
Hotel operations and management services					
Hotel operations	–	–	870.5	–	870.5
Management services	–	–	3.5	–	3.5
Other operations	–	–	–	49.6	49.6
Total	539.2	16.6	874.0	49.6	1,479.4
Geographical markets					
Hong Kong	381.0	16.6	872.0	49.6	1,319.2
Chinese Mainland	158.2	–	2.0	–	160.2
Total	539.2	16.6	874.0	49.6	1,479.4
Timing of revenue recognition					
At a point in time	539.2	0.1	157.3	11.3	707.9
Over time	–	16.5	716.7	38.3	771.5
Total	539.2	16.6	874.0	49.6	1,479.4

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the six months ended 30th June, 2025					
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Types of goods or services					
Construction and construction-related income	–	11.1	–	–	11.1
Sale of properties	216.6	–	–	–	216.6
Estate management fees	–	4.3	–	–	4.3
Hotel operations and management services					
Hotel operations	–	–	845.1	–	845.1
Management services	–	–	3.5	–	3.5
Other operations	–	–	–	42.6	42.6
Total	<u>216.6</u>	<u>15.4</u>	<u>848.6</u>	<u>42.6</u>	<u>1,123.2</u>
Geographical markets					
Hong Kong	202.7	15.4	846.7	42.6	1,107.4
Chinese Mainland	13.9	–	1.9	–	15.8
Total	<u>216.6</u>	<u>15.4</u>	<u>848.6</u>	<u>42.6</u>	<u>1,123.2</u>
Timing of revenue recognition					
At a point in time	216.6	0.1	163.9	13.3	393.9
Over time	–	15.3	684.7	29.3	729.3
Total	<u>216.6</u>	<u>15.4</u>	<u>848.6</u>	<u>42.6</u>	<u>1,123.2</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

	For the six months ended 30th June, 2026				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Segment revenue	572.4	26.9	905.9	141.6	1,646.8
Other revenue	(17.5)	–	(31.6)	–	(49.1)
Intersegment adjustments and eliminations	(15.7)	(10.3)	(0.3)	(92.0)	(118.3)
Total revenue from contracts with customers	539.2	16.6	874.0	49.6	1,479.4

	For the six months ended 30th June, 2025				
Segments	Property development and investment (Unaudited)	Construction and building related businesses (Unaudited)	Hotel operation and management and hotel ownership (Unaudited)	Others (Unaudited)	Total (Unaudited)
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Segment revenue	264.2	21.4	879.2	126.8	1,291.6
Other revenue	(31.8)	–	(30.2)	–	(62.0)
Intersegment adjustments and eliminations	(15.8)	(6.0)	(0.4)	(84.2)	(106.4)
Total revenue from contracts with customers	216.6	15.4	848.6	42.6	1,123.2

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
<u>Other income and gains, net</u>		
Bank interest income	3.6	6.1
Other interest income	4.1	8.0
Dividend income from unlisted investments	9.1	5.1
Loss on disposal of unlisted investments included in financial assets at fair value through profit or loss	—	(5.5)
Gain on disposal of items of property, plant and equipment	—	0.1
Others	5.4	1.6
Total	<u>22.2</u>	<u>15.4</u>

4. Loss Before Tax

The Group's loss before tax includes the following items:

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
Profit on disposal of properties, net	<u>142.2</u>	<u>73.7</u>
Depreciation of property, plant and equipment	149.6	176.1
Depreciation of right-of-use assets	<u>157.7</u>	<u>170.0</u>
Total	<u>307.3</u>	<u>346.1</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

5. Finance Costs

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
Interest on bank loans	354.2	475.8
Interest on other borrowings	16.7	15.5
Interest expenses arising from revenue contracts	–	0.7
Interest on lease liabilities	4.0	0.2
Amortisation of debt establishment costs	27.8	24.9
Total interest expenses on financial liabilities not at fair value through profit or loss	402.7	517.1
Fair value changes on derivative financial instruments – cash flow hedges (transfer from hedging reserve)	7.9	2.9
Other loan costs	2.7	1.4
Total	413.3	521.4

6. Income Tax

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
Current – Hong Kong profits tax		
Charge for the period	13.8	12.5
Current – the People's Republic of China (the "PRC") and overseas		
Corporate income tax		
Credit for the period	(21.6)	–
Underprovision in prior years	–	0.3
PRC land appreciation tax	0.7	(3.0)
Deferred	26.3	(4.4)
Total tax charge for the period	19.2	5.4

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2025 - 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating in the PRC and overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Chinese Mainland at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax is required for the associates as no assessable profits were earned by the associates during the period (2025 - Nil).

7. Dividend

No dividend was paid or proposed during the six months ended 30th June, 2026, nor has any dividend been proposed since the end of the reporting period (2025 - Nil).

8. Loss Per Ordinary Share Attributable to Equity Holders of the Parent

(a) Basic loss per ordinary share

The calculation of the basic loss per ordinary share for the period ended 30th June, 2026 is based on the loss for the period attributable to equity holders of the parent of HK\$209.8 million (2025 - HK\$613.4 million), adjusted for the share of accrued distribution related to perpetual securities of Regal Hotels International Holdings Limited ("RHIHL") and its subsidiaries (the "RHIHL Group") of HK\$39.2 million (2025 - HK\$39.5 million), and on 1,114.6 million (2025 - 1,114.6 million) ordinary shares of the Company outstanding during the period.

(b) Diluted loss per ordinary share

No adjustment was made to the basic loss per ordinary share for the periods ended 30th June, 2026 and 2025 as the Company had no potentially dilutive ordinary shares outstanding and therefore no diluting events existed throughout the periods.

9. Debtors, Deposits and Prepayments

Included in the balance is an amount of HK\$126.4 million (31st December, 2025 - HK\$139.6 million) representing the trade debtors of the Group. The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	83.8	77.6
4 to 6 months	6.0	35.2
7 to 12 months	19.7	22.4
Over 1 year	27.7	12.0
	137.2	147.2
Impairment	(10.8)	(7.6)
Total	126.4	139.6

Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment. Bad debts are written off as incurred.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the balance are amounts due from a fellow subsidiary and a related company of HK\$0.5 million (31st December, 2025 - HK\$0.6 million) and HK\$1.2 million (31st December, 2025 - HK\$1.2 million), respectively, which are unsecured, non-interest bearing and repayable on demand.

Also included in the balance at 31st December, 2025 was an amount of HK\$2.3 million in relation to the prepaid commission for sales of properties which was classified as contract costs in accordance with HKFRS 15.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

10. Creditors and Accruals

Included in the balance is an amount of HK\$42.9 million (31st December, 2025 - HK\$54.9 million) representing the trade creditors of the Group. The ageing analysis of these creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	37.9	50.0
4 to 6 months	0.1	1.3
7 to 12 months	0.1	1.2
Over 1 year	4.8	2.4
Total	42.9	54.9

The trade creditors are non-interest bearing and are normally settled within 90 days.

Included in the balance under current liabilities are amounts due to fellow subsidiaries and associates of HK\$130.0 million (31st December, 2025 - HK\$102.8 million) and HK\$0.2 million (31st December, 2025 - HK\$0.2 million), respectively, which are unsecured, non-interest bearing and repayable on demand.

11. Interest Bearing Bank Borrowings

	30th June, 2026 (Unaudited)		31st December, 2025 (Audited)	
	Maturity	HK\$'million	Maturity	HK\$'million
Current				
Bank loans – secured	2026 - 2027	8,067.5	2026	5,768.0
Non-current				
Bank loans – secured	2027 - 2031	7,604.1	2027 - 2031	11,458.6
Total		15,671.6		17,226.6

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Analysed into:		
Bank loans repayable:		
Within one year	8,067.5	5,768.0
In the second year	3,078.5	7,217.0
In the third to fifth years, inclusive	4,525.6	4,240.3
Beyond five years	–	1.3
Total	15,671.6	17,226.6

The interest bearing bank borrowings are subject to loan covenants including interest coverage ratio, loan to value ratio, consolidated tangible net worth and the ratio of consolidated net borrowings over consolidated tangible net worth, which are tested on periodic basis. As at 30th June, 2026, the loan covenants under relevant loan agreements were complied with. The Group considers there is no indication that it will have difficulties in complying with these covenants.

The facility agreement for a term loan facility of HK\$4,500.0 million and a revolving loan facility of up to HK\$500.0 million (the “2021 IH Facilities”), concluded on 10th August, 2021 through Regal REIT group’s wholly-owned subsidiaries, were secured by four of the five Initial Hotels, namely, the Regal Airport Hotel, the Regal Hongkong Hotel, the Regal Oriental Hotel (including the PSC Premises) and the Regal Riverside Hotel. The 2021 IH Facilities have a term of five years to August 2026 and carry interest based on Hong Kong Interbank Offered Rate (“HIBOR”).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

In pursuit of Regal REIT group's deleveraging initiatives, Regal REIT group completed the disposal of the Regal Oriental Hotel in April 2026 for an effective total consideration of HK\$1,518.1 million. As agreed with the bank lenders, 70% of the net disposal proceeds, amounting to HK\$1,047.2 million, was applied for partial loan prepayment of the 2021 IH Facilities. The remaining 30% of the net disposal proceeds, amounting to HK\$448.8 million, were intended for the funding of asset enhancement work and general working capital. As at 30th June, 2026, the remaining balance of the net disposal proceeds stood at HK\$295.4 million.

Subsequent to the reporting period, in early August, Regal REIT group concluded the refinancing of a new term loan facility of HK\$3,900.0 million (the "2026 IH Facilities") with the syndicate of existing bank lenders for a term of four years to July 2030, secured by the remaining three Initial Hotels and the PSC Premises. The further repayment of the loan facility of HK\$52.8 million was funded from the remaining balance of the net disposal proceeds.

On 24th June, 2022, Regal REIT group concluded a 5-year term loan facility of HK\$2,950.0 million (the "2022 RKH Facility") with a lender, secured by the Regal Kowloon Hotel. The 2022 RKH Facility has repayment obligations of HK\$50.0 million on each of its anniversary date to maturity. As at 30th June, 2026, the outstanding amount of the 2022 RKH Facility was HK\$2,750.0 million, after four instalment repayment of HK\$50.0 million each in June 2023, June 2024, June 2025 and June 2026, respectively, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2022 RKH Facility for a notional amount of HK\$900.0 million.

On 17th October, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, a bilateral term loan facility of HK\$749.5 million and secured by the iclub Sheung Wan Hotel (the "2023 SW Facility"). The 2023 SW Facility bears HIBOR-based interest with a four-year term to October 2027. As at 30th June, 2026, the outstanding amount of the 2023 SW Facility was HK\$749.5 million, representing the full amount of the term loan. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 SW Facility for a notional amount of HK\$749.5 million.

On 27th November, 2023, Regal REIT group arranged, through its wholly-owned subsidiary, another bilateral term loan facility of HK\$755.0 million and secured by the iclub Fortress Hill Hotel (the "2023 FH Facility"). The 2023 FH Facility bears HIBOR-based interest and has a term of five years to November 2028. As at 30th June, 2026, the outstanding amount of the 2023 FH Facility was HK\$755.0 million, representing the full amount of the term loan. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2023 FH Facility for a notional amount of HK\$755.0 million.

On 18th July, 2024, Regal REIT group arranged, through its wholly-owned subsidiary, a term loan facility of HK\$416.5 million, secured by the iclub Wan Chai Hotel (comprising hotel portion and non-hotel portions) (the "2024 WC Facility"), with a term of forty one months to December 2027 and bearing HIBOR-based interest. As at 30th June, 2026, the outstanding facility amount of the 2024 WC Facility was HK\$416.5 million, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2024 WC Facility for a notional amount of HK\$416.5 million.

On 15th November, 2025, Regal REIT group arranged, through its wholly-owned subsidiary, Land Crown International Limited, a term loan facility of HK\$650.0 million, secured by the iclub To Kwa Wan Hotel (the "2025 TKW Facility"), with a term of two years to November 2027 and bearing HIBOR-based interest. The 2025 TKW Facility has a repayment obligation of HK\$10.0 million on its anniversary. As at 30th June, 2026, the outstanding amount was HK\$650.0 million, representing the full amount of the term loan facility. The Regal REIT group also entered into interest rate swap arrangements to hedge against the interest rate exposure of the 2025 TKW Facility for a notional amount of HK\$100.0 million.

As at 30th June, 2026, the outstanding loan facilities of Regal REIT group bore interest at HIBOR plus an interest margin ranging from 1.05% per annum to 1.80% per annum (31st December, 2025 - ranging from 1.05% per annum to 1.80% per annum).

Bank borrowings under the 2021 IH Facilities, the 2022 RKH Facility, the 2023 SW Facility, the 2023 FH Facility, the 2024 WC Facility and the 2025 TKW Facility are guaranteed by Regal REIT and/or certain individual companies of the Regal REIT group on a joint and several basis.

The Regal REIT group's interest bearing bank borrowings are also secured by, amongst others:

- (i) legal charges and debentures over the corresponding properties;
- (ii) an assignment of rental income and all other proceeds arising from and including all rights, titles and interests under all hotel management agreements and lease agreements, where appropriate, relating to the relevant properties;
- (iii) charges over each relevant rental account, sales proceeds account and other control accounts of the Regal REIT group, if any;
- (iv) a floating charge over all of the undertakings, properties, assets and rights of each of the relevant companies of the Regal REIT group; and
- (v) an equitable charge over the shares in the relevant companies of the Regal REIT group.

As at 30th June, 2026, the Group's other bank borrowings bore interest at HIBOR plus an interest margin ranging from 1.55% per annum to 2.40% per annum (31st December, 2025 - ranging from 1.55% per annum to 3.50% per annum) except for a bank loan of HK\$31.8 million (31st December, 2025 - HK\$36.6 million), which bore interest at Euro Interbank Offered Rate ("EURIBOR") plus an interest margin of 0.95% per annum (31st December, 2025 - EURIBOR plus an interest margin of 0.95% per annum). All interest bearing bank borrowings were denominated in Hong Kong dollars except for a bank loan of HK\$31.8 million (31st December, 2025 - HK\$36.6 million) which was denominated in Euro.

The Group's bank borrowings are secured by a pledge over certain assets of the Group as further detailed in note 16 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

12. Other Borrowings

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Secured notes (i)	304.8	312.0
Other borrowings - secured (ii)	292.1	88.0
Total	596.9	400.0
Analysed into:		
Other borrowings repayable:		
Within one year	438.7	400.0
In the second year	157.4	–
In the third to fifth years, inclusive	0.8	–
Total	596.9	400.0

- (i) In April 2023, Cosmopolitan International Holdings Limited and its subsidiaries (the "Cosmopolitan Group") issued a 3-year secured note in an aggregate nominal principal amount of US\$40.0 million bearing interest at a coupon interest rate of HIBOR plus 3.11% per annum.

The secured note was re-financed for a two-year term (with certain portion to be due and repayable in April 2027), commencing from April 2026 under which the coupon interest rate was revised to CNH HIBOR plus 2.80% per annum for the first year and CNH HIBOR plus 2.00% per annum for the second year.

The secured note is secured by pledge over the equity interests of certain subsidiaries of the Cosmopolitan Group and certain of the Cosmopolitan Group's properties held for sale.

- (ii) Other borrowings comprise the following:

- (a) A revolving loan of HK\$63.0 million (31st December, 2025 - HK\$63.0 million) drawn from a loan facility of HK\$80.0 million, secured by interests in companies holding certain property interests and other assets. The loan effectively bears interest at Hong Kong Dollar Best Lending Rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited, plus an interest margin of 3% per annum. The loan facility which originally matures in January 2027, has been extended to January 2028 with the interest margin revised to 5% per annum, subject to the lender's right of early cancellation of the facility.
- (b) On 20th March 2026, the Group arranged two term loan facilities of HK\$210.4 million and HK\$238.8 million, secured by interests in companies holding certain property interests. The loans bear interest at 10% per annum and mature in September 2029 and March 2030, respectively. As at 30th June, 2026, the total outstanding amount of the facilities was HK\$0.8 million (31st December, 2025 - Nil).

On 9th April, 2026, the Group arranged another term loan facility of HK\$230.0 million, secured by interests in companies holding certain property interests. The loan bears interest at 11.5% per annum. The loan facility matures in April 2027 and is extendable for additional one year mutually agreed by the Group and the lender. As at 30th June, 2026, the outstanding amount of the facility was HK\$230.0 million (31st December, 2025 - Nil).

- (c) As at 31st December 2025, a revolving loan of HK\$25.0 million drawn from a loan facility of HK\$25.0 million, secured by certain financial assets at fair value through profit or loss and interests in companies holding certain property interests and financial assets at fair value through profit or loss. The loan bears interest at the Hong Kong Best Lending Rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited, plus an interest margin of 6% per annum. The loan was fully repaid during the reporting period.

13. Disposal of Subsidiaries

On 20th March, 2026, Regal REIT group entered into a share purchase agreement with an independent third party purchaser in relation to the disposal of the entire equity interest in Chasehill Limited ("Chasehill"), a wholly-owned subsidiary of Regal REIT group, at an agreed property value of HK\$1,518.1 million. The wholly-owned subsidiary of Chasehill is the sole registered legal and beneficial owner of Regal Oriental Hotel. The disposal was completed on 30th April, 2026.

	HK\$ million
Net assets disposed of:	
Property, plant and equipment	183.7
Right-of-use asset	818.9
Deferred tax liabilities	(94.6)
Gain on disposal of subsidiaries	610.1
	<u>1,518.1</u>
	HK\$ million
Satisfied by:	
Cash consideration	<u>1,518.1</u>
Inflow of cash and cash equivalents included in cash flows from investing activities	<u>1,518.1</u>

14. Note to the Condensed Consolidated Statement of Cash Flows

Cash and cash equivalent balances

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
Cash and bank balances	460.4	341.7
Non-pledged time deposits with an original maturity of less than three months when acquired	<u>73.5</u>	<u>7.3</u>
Cash and cash equivalents	<u>533.9</u>	<u>349.0</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

15. Related Party Transactions

(a) Transactions with related parties

The Group had the following material related party transactions during the period:

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
A wholly owned subsidiary of the ultimate listed holding company:		
Management fees	26.9	32.2
Associates:		
Advertising and promotion fees (including cost reimbursements)	—	0.9
	<u> </u>	<u> </u>

The nature and terms of the above related party transactions have not changed and were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2025.

(b) Outstanding balances, before impairment, with related parties:

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Loan to an associate	343.8	306.5
Due from associates	82.6	82.6
Due from a fellow subsidiary	0.5	0.6
Due from a related company	1.2	1.2
Due to fellow subsidiaries	(130.0)	(102.8)
Due to associates	(0.2)	(0.2)
	<u> </u>	<u> </u>

(c) Compensation of key management personnel of the Group:

	Six months ended 30th June, 2026 (Unaudited)	Six months ended 30th June, 2025 (Unaudited)
	HK\$'million	HK\$'million
Short term employee benefits	23.2	21.1
Staff retirement scheme contributions	1.4	1.5
Total compensation paid to key management personnel	<u>24.6</u>	<u>22.6</u>

16. Pledge of Assets

As at 30th June, 2026, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, time deposits and bank balances in the total amount of HK\$25,961.8 million were pledged to secure general banking facilities and other loan facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, the equity interests in the relevant holding companies of certain property interests and other assets were also pledged to secure certain bank and other borrowings of the Group.

As at 31st December, 2025, the Group's properties under development and certain of the Group's property, plant and equipment, investment properties, right-of-use assets, properties held for sale, financial assets at fair value through profit or loss, time deposits and bank balances in the total amount of HK\$26,847.7 million were pledged to secure general banking facilities and other loan facilities granted to the Group as well as bank guarantees procured by the Group pursuant to certain lease guarantees in connection with the leasing of the hotel properties from Regal REIT. In addition, the equity interests in the relevant holding companies of certain property interests and financial assets at fair value through profit or loss as well as other assets were also pledged to secure certain bank and other borrowings of the Group.

17. Contingent Liabilities

As at 30th June, 2026, the Group had contingent liabilities for corporate guarantees provided in respect of a banking facility granted to an associate in the amount of HK\$150.0 million (31st December, 2025 - HK\$389.5 million) which was fully utilised.

As at 30th June, 2026, the Group was involved in legal proceedings with the Hong Kong tax authorities regarding the tax treatment of interest expenses on certain intercompany arrangements. While an administrative ruling was issued in March 2026, the Group is continuing the legal process to clarify the matter through the Court of First Instance.

Based on legal advice, the Directors believe there are valid grounds to support the Group's position and consider that no tax provision is required at this stage. As at 30th June, 2026, the Group had made total payments of HK\$23.2 million (31st December, 2025 - HK\$22.1 million) (including tax reserve certificates and prepaid tax) in relation to this matter, which are recorded in tax recoverable.

In addition, at the end of the reporting period, the Cosmopolitan Group had provided guarantees to banks in connection with mortgage facilities granted to certain purchasers of its properties amounting to approximately RMB106.5 million (HK\$122.8 million) (31st December, 2025 - RMB123.7 million (HK\$137.6 million)). The Cosmopolitan Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates and the completion of the proper procedures to register the mortgages under the names of the relevant purchasers, which will generally complete within one to two years after the purchasers take possession of the relevant properties.

No provision has been made in the condensed consolidated financial statements for the guarantees in connection with the mortgage facilities as management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Moreover, a subsidiary of the RHIHL Group is currently in the process of appealing a notice of stamp duty assessment in the amount of HK\$93.0 million (31st December, 2025 - HK\$93.0 million) issued by the Inland Revenue Department of Hong Kong SAR in relation to the sub-lease agreement entered into between the Airport Authority and the RHIHL Group. Based on the opinion of legal advisors, the Directors consider there is a reasonable chance of success in the appeal and accordingly no provision has been made in the condensed consolidated financial statements.

Furthermore, the owner of Regala Skycity Hotel is a defendant of a claim lodged by a contractor in relation to certain outstanding construction costs of the hotel amounting to approximately HK\$38.0 million (31st December 2025 - HK\$38.0 million). The RHIHL Group has engaged its lawyers and is currently preparing the defence and a counterclaim which is estimated at an amount well in excess of the amount being claimed by the plaintiff. Based on a legal advice obtained, the Directors consider there is an arguable case with reasonable ground for such defence and accordingly no provision is required.

18. Commitments

The Group had the following contractual commitments at the end of the reporting period:

	30th June, 2026 (Unaudited)	31st December, 2025 (Audited)
	HK\$'million	HK\$'million
Property development projects	<u>74.9</u>	<u>124.4</u>

19. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values at the end of the reporting period.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. Independent professional valuers are engaged for the valuation as appropriate. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 30th June, 2026

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial assets designated at fair value through other comprehensive income:				
Listed equity investment	3.9	–	–	3.9
Financial assets at fair value through profit or loss:				
Listed equity investments	13.8	–	–	13.8
Listed debt investments	–	1.1	–	1.1
Unlisted equity investments	–	–	43.1	43.1
Unlisted fund investments	–	–	211.8	211.8
Unlisted debt investments	–	–	0.2	0.2
Derivative financial instruments	–	16.0	–	16.0
Total	17.7	17.1	255.1	289.9

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Assets measured at fair value as at 31st December, 2025

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable inputs (Level 2) (Audited)	Significant unobservable inputs (Level 3) (Audited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial assets designated at fair value through other comprehensive income:				
Listed equity investment	4.0	—	—	4.0
Financial assets at fair value through profit or loss:				
Listed equity investments	16.4	—	—	16.4
Listed debt investments	—	1.1	—	1.1
Unlisted equity investments	—	—	49.4	49.4
Unlisted fund investments	—	—	242.7	242.7
Unlisted debt investments	—	—	0.2	0.2
Total	20.4	1.1	292.3	313.8

The movements in fair value measurements within Level 3 during the period are as follows:

	2026 (Unaudited)	2025 (Unaudited)
	HK\$'million	HK\$'million
At 1st January	292.3	425.3
Purchases	2.9	0.1
Disposals	—	(85.9)
Distributions	(10.5)	(44.1)
Unrealised gains/(losses) recognised in profit or loss	(29.6)	31.4
At 30th June	255.1	326.8

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Liability measured at fair value as at 30th June, 2026

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial liability at fair value through profit or loss:				
Derivative financial instruments	–	14.8	–	14.8

Liability measured at fair value as at 31st December, 2025

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable inputs (Level 2) (Audited)	Significant unobservable inputs (Level 3) (Audited)	
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Financial liability at fair value through profit or loss:				
Derivative financial instruments	–	50.2	–	50.2

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities (2025 - Nil).

Valuation techniques

The fair values of listed equity investments are based on quoted market prices.

The fair values of listed debt investments are determined based on the market values provided by financial institutions.

The fair values of certain unlisted equity investments are determined based on the recoverability assessment performed by management.

The fair values of certain unlisted equity investments, unlisted debt investments and certain unlisted fund investments are determined by reference to recent transaction prices of the investments or carried at valuations provided by financial institutions or related administrators. The fair values of certain unlisted fund investments are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair values of the underlying assets held under the investments. For unlisted fund investments classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases, the fair value will increase/decrease accordingly. Given there is a diverse portfolio of unlisted equity investments, unlisted debt investments and unlisted fund investments, each of which of insignificant value, there is no separate disclosure on the fair value measurement using significant unobservable inputs (Level 3).

The fair values of the derivative financial instruments, including interest rate swap contracts, are determined based on the market values provided by financial institutions.

20. Event After the Reporting Period

On 6th May, 2025, the RHIHL Group entered into an agreement with an independent third party to dispose of the entire issued share capital of Frequentspirit Investimentos Imobiliários Lda. (the "Target Company"), a wholly owned subsidiary of the RHIHL Group, for a consideration of EUR 9.3 million (equivalent to approximately HK\$84.0 million). The Target Company is the sole legal and beneficial owner of a mixed use building located at Fabrik, Rua Dos Fanqueiros 156, Lisbon, Portugal. The transaction was completed on 31st July, 2026.

21. Approval of the Unaudited Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26th August, 2026.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held		Total (Approximate percentage of the issued shares as at 30th June, 2026)
					Corporate interests	Family/Other interests	
1.	The Company	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	50,185	–	–	50,185 (0.005%)
		Ms. Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	–	–	6,200 (0.001%)
2.	Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
		Ms. Lo Po Man	Ordinary (issued)	112,298	–	–	112,298 (0.004%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)

OTHER INFORMATION (Cont'd)

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2026)
				Personal interests	Corporate interests	Family/Other interests	
3.	Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
		Ms. Lo Po Man	Ordinary (issued)	569,169	–	–	569,169 (0.06%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
4.	Cosmopolitan International Holdings Limited ("Cosmopolitan")	Mr. Lo Yuk Sui	Ordinary (i) (issued)	–	1,171,504,279 (Note d)	–	1,171,504,279
			(ii) (unissued)	–	1,291,775,147 (Note e)	–	1,291,775,147
						Total:	2,463,279,426 (150.23%)
			Preference (issued)	–	229,548,733 (Note e)	–	229,548,733 (99.99%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	680,730	–	–	680,730 (0.04%)
		Ms. Lo Po Man	Ordinary (issued)	414,000	–	–	414,000 (0.03%)
5.	Regal Real Estate Investment Trust ("Regal REIT")	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (74.99%)
6.	8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	1,000 (Note g)	–	1,000 (100%)

Notes:

- (a) (i) The interests in 1,973,420,928 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo").
- (ii) The interests in the other 58,894,398 issued ordinary shares of CCIHL were derivative interests held by YSL International Holdings Limited ("YSL Int'l"), a company wholly owned by Mr. Lo, under the right of first refusal to purchase such shares granted by the Dalton Group (comprising Dalton Investments LLC and its two affiliates).
- (b) The interests in 694,124,547 issued ordinary shares of the Company were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests.

The interests in 16,271,685 issued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (c) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests. The interests in 622,433,861 issued ordinary shares of RHIHL were held through companies wholly owned by the Company, in which CCIHL held 62.28% shareholding interests. The Company held 69.25% shareholding interests in RHIHL.
- (d) The interests in 1,006,851,215 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R"), which is owned as to 50% each by the Company and RHIHL through their respective wholly owned subsidiaries. The interests in the other 111,319,732 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of RHIHL. The interests in the other 53,333,332 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The Company, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.
- (e) The interests in 972,070,219 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R, which is owned as to 50% each by the Company and RHIHL through their respective wholly owned subsidiaries. The interests in the other 213,038,264 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of RHIHL. The interests in the other 106,666,664 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of the Company. The Company, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

The interests in 229,548,733 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 229,548,733 convertible preference shares of Cosmopolitan, convertible into new ordinary shares of Cosmopolitan on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,062,226,414 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 2 per cent. convertible notes due 2053 in a principal amount of HK\$106,222,641.4 issued by Cosmopolitan. The convertible notes are convertible into new ordinary shares of Cosmopolitan at a conversion price of HK\$0.10 per ordinary share (subject to adjustments in accordance with the terms of the convertible notes).

OTHER INFORMATION (Cont'd)

- (f) The interests in 2,439,613,739 issued units of Regal REIT were held through wholly owned subsidiaries of RHIHL. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of the Company. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of CCIHL. The Company, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.
- (g) 400 shares were held through companies controlled by CCIHL, in which Mr. Lo held 67.43% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

Save as disclosed herein, as at 30th June, 2026, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2026, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held	Total number of ordinary shares (issued and underlying) held	Approximate percentage of issued ordinary shares as at 30th June, 2026
YSL Int'l (Note i)	694,124,547	–	694,124,547	62.28%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	694,124,547	–	694,124,547	62.28%
CCIHL (Note iii)	694,124,547	–	694,124,547	62.28%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	694,124,547	–	694,124,547	62.28%
Almighty International Limited ("Almighty") (Note iv)	346,994,526	–	346,994,526	31.13%
Cleerview Investments Limited ("Cleerview") (Note iv)	180,811,470	–	180,811,470	16.22%

Notes:

- (i) The interests in the ordinary shares of the Company held by YSL Int'l were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.
- (ii) Grand Modern is a wholly owned subsidiary of YSL Int'l and its interests in the ordinary shares of the Company were included in the interests held by YSL Int'l.
- (iii) CCIHL is owned as to 52.72% by Grand Modern and its interests in the ordinary shares of the Company were included in the interests held by Grand Modern.
- (iv) These companies are wholly owned subsidiaries of CCIHL and their interests in the ordinary shares of the Company were included in the interests held by CCIHL.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2026, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

OTHER INFORMATION (Cont'd)

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30th June, 2026 are set out as follows:

- (1) Mr. Lo Yuk Sui is a director of YSL Int'l.
- (2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Ms. Lo Po Man are directors of Grand Modern.
- (3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Mr. Kelvin Leung So Po, Ms. Lo Po Man, Mr. Kenneth Ng Kwai Kai, Ms. Winnie Ng and Mr. Wong Chi Keung are directors of CCIHL.
- (4) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Mr. Kelvin Leung So Po, Ms. Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of CCBVI, Almighty and Cleverview.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the annual report of the Company for the financial year ended 31st December, 2025 is set out below:

Name of Director

Details of changes

Independent Non-Executive Director:

Mr. Abraham Shek Lai Him, GBS, JP

- Resigned as an independent non-executive director of Alliance International Education Leasing Holdings Limited, a company listed on the Stock Exchange, with effect from 30th April, 2026.
- Retired as an independent non-executive director of Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL), with effect from 19th May, 2026.
- Retired as the joint vice chairman and an independent non-executive director of ITC Properties Group Limited, a company listed on the Stock Exchange, with effect from 21st August, 2026.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the six months ended 30th June, 2026, except that:

- The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the "Code for Securities Transactions by Directors of Paliburg Holdings Limited" (the "Paliburg Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code and the Paliburg Code during the six months ended 30th June, 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares) during the six months ended 30th June, 2026. The Company did not hold any treasury shares as at 30th June, 2026.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises the following members:

Mr. Wong Chi Keung (Chairman of the Committee) (*Independent Non-Executive Director*)

Mr. Bowen Joseph Leung Po Wing, GBS, JP (*Independent Non-Executive Director*)

Ms. Winnie Ng, JP (*Independent Non-Executive Director*)

Mr. Abraham Shek Lai Him, GBS, JP (*Independent Non-Executive Director*)

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2026, in conjunction with the external auditor. The review report of the external auditor is set out on page 64 of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the Board of Directors of
Paliburg Holdings Limited**
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 24 to 56, which comprises the condensed consolidated statement of financial position of Paliburg Holdings Limited (the “Company”) and its subsidiaries as at 30th June, 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King’s Road
Quarry Bay, Hong Kong

26th August, 2026

